city of
**STERLING
HEIGHTS**

City Council	
Mayor	Richard J. Notte
Mayor Pro Tem	Michael C. Taylor
Councilwoman	Deanna Koski
Councilman	Joseph V. Romano
Councilwoman	Maria G. Schmidt
Councilman	Paul Smith
Councilwoman	Barbara A. Ziarko
City Manager	Mark D. Vanderpool

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September 17, 2013

The Honorable Jack Brandenburg
Chair, Finance Committee
Michigan State Senate
P.O. Box 30036
605 Farnum Building
Lansing, MI 48909-7536

Re: Support of 2013-SB-0489 and 2013-SB-0490

Dear Senator Brandenburg:

Due to its strong industrial tax base and its impact on municipal tax revenues, I am sure that you are aware that the City of Sterling Heights has keenly followed the legislation, which phases out and repeals the Michigan Personal Property Tax ("PPT") over the next several years. The City fully understands the Governor's and the Legislature's effort to reform Michigan's tax structure and policies so that the State will be a more attractive place to do business, thereby retaining and bringing more good paying jobs to our residents. However, the City has always felt that this must be done in a fair and equitable manner.

The statutes, as originally adopted, had some seemingly unintended adverse revenue consequences to a community like the City of Sterling Heights, which worked tirelessly with Chrysler company officials and State and federal officials to put together an incentive package that helped persuade Chrysler to decide to not close the Sterling Heights Assembly Plant ("SHAP"), resulting in the retention (and later addition) of many good paying jobs for in the region. Currently, however, the City still stands to lose substantial unreimbursed revenues as a result of Chrysler not having to pay PPT following its exemption period under the 328 Industrial Facilities Exemption Certificate Agreement it entered into with the City in order to keep the SHAP open. As it stands currently, the city will not be reimbursed from any of Chrysler's 328 tax abatement that would have come back on the tax roll in 2017. Neither Chrysler nor the City expected that the City could not begin receiving any tax revenue from the investment once the exemption period expired.

Following the passage of the phase-out and repeal of PPT, many parties acknowledged that there is a need for some legislative "clean-up" to make sure that the PPT phase-out and repeal is fairly and equitably implemented. The City of Sterling Heights supports the passage of 2013-SB-0489 and 2013-SB-0490, which flush out some of the procedures to be used for taxpayers to obtain an exemption from the PPT. We believe that it is important that only those entitled to PPT exemptions receive them, that eligible companies have records supporting their PPT exemption claims, and that there be penalties for those which obtain PPT exemptions fraudulently.

However, we must recognize that there is still work to be done relating to the fair implementation of the PPT phase-out and repeal. We look forward to the introduction and passage of additional "clean-up" bills, which will make the City of Sterling Heights whole for the unintended revenue deficiencies relating to the Chrysler SHAP IFEC Agreement. By working together, we can make the State of Michigan a more competitive place for manufacturers to do business without triggering further adverse financial consequences to the City of Sterling Heights and the region. Thank you for your anticipated consideration and cooperation.

Best regards,

Mark Vanderpool
City Manager

Cc: Honorable Lieutenant Governor Brian Calley
        Honorable Mayor Notte and City Council
        Nathaniel Forstner, Lieutenant Governor Chief of Staff
        Samantha Harkins, Director of State Affairs, Michigan Municipal League
        Clark Andrews, Assistant City Attorney
        Jeff Bahorski, City Attorney
        Wayne Oehmke, President, Sterling Heights Regional Chamber of Commerce & Industry